

DEC 27 1974 - 2 05 PM

~~INTERSTATE~~ COMMERCE COMMISSION

CHattel MORTGAGE dated as of November 22, 1974, from THE WESTPORT BANK AND TRUST COMPANY, a Connecticut banking corporation (hereinafter called Mortgagor), to FIRST PENNSYLVANIA BANK N.A., (hereinafter called Mortgagee), pursuant to the Finance Agreement dated as of the date hereof (hereinafter called the Finance Agreement) between Mortgagee, as Lender, and Mortgagor.

Mortgagor, for and in consideration of Ten Dollars (\$10), the receipt and sufficiency of which is hereby acknowledged, and of the debts and other matters hereinafter mentioned, does hereby grant, sell, mortgage and convey unto Mortgagee, its successors and assigns, the railroad cars listed in the attached Schedule A hereto which bear the car numbers of The Pickens Railroad Company (hereinafter called the Railroad) as set forth in said Schedule A and which are now or hereafter shall be owned by Mortgagor and now or hereafter leased by it to the Railroad under the Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), between the Mortgagor and the Railroad, and all accessories, parts, improvements and equipment owned by Mortgagor now or hereafter affixed to any of such units (all being hereinafter called the Units);

TO HAVE AND TO HOLD the Units unto Mortgagee, its successors and assigns, to its and their sole use forever;

PROVIDED that the Units are granted, mortgaged, sold and conveyed hereunder by Mortgagor to Mortgagee as security for the performance by Mortgagor of all its obligations to pay any and all sums from time to time owing, in accordance with the terms and provisions of those certain nonrecourse promissory notes issued or to be issued by Mortgagor pursuant to the Finance Agreement, aggregating not in excess of \$822,025 principal amount, and all sums from time to time owing, in accordance with the Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Assignment) between Mortgagor and Mortgagee and in accordance with the Finance Agreement (all such obligations to the Lender or the holders of said Notes being hereinafter called the Liabilities);

AND PROVIDED FURTHER that, if Mortgagor or the Railroad or their respective successors and assigns shall pay to Mortgagee, or its successors and assigns, or perform all the Liabilities, then this Chattel Mortgage shall be void, otherwise this Chattel Mortgage shall remain in full force and effect.

Mortgagor hereby covenants that, on the date hereof, the Units are free and clear of all claims, liens and encumbrances by or in favor of any person claiming by, through or under the Mortgagor, except by or in favor of the Railroad pursuant to the Lease and Mortgagee pursuant to this Chattel Mortgage.

Mortgagor hereby covenants and agrees to execute and deliver to Mortgagee all further or supplemental chattel mortgages, financing statements, assignments of the Lease and its supplements, or other documentation at any time requested by Mortgagee to perfect, continue perfection of, protect or enforce the security herein referred to and any additions or replacements thereof, and to cause the same to be filed or recorded at its expense in any place and at any time reasonably requested by Mortgagee.

Mortgagor hereby covenants and agrees that, if there shall occur and be continuing an Event of Default (as that term is defined in the Lease), or, after expiration of the original term of the Lease (subject to all of the rights of the Railroad under the Lease), upon failure of the Mortgagor to pay any of the Liabilities on demand, then, and in any such event, Mortgagee, or its successors or assigns, shall thereupon have the right (as against Mortgagor, its successors and assigns, or to the extent Mortgagor, its successors or assigns, may have such right) to take immediate possession of the Units, or any portion thereof, and for that purpose may pursue the same wherever any of the Units may be found and may enter any of the premises of the Mortgagor with or without force or process of law wherever any of the Units may be located, and Mortgagee shall have the right to take possession of the Units or any of them, keep and store or further lease the same until sold, or remove and sell and dispose of the same at public or private sales to the extent permitted by law, at one or more sales, as an entirety or in parcels, or in lieu of or in addition to exercising the power of sale hereinabove given, to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the sale of the Units or any of them under the judgment or decree of any court or courts of competent jurisdiction. To the full extent that Mortgagor may lawfully so do, Mortgagor agrees that it will not at any time claim the benefit of any stay, extension, appraisalment, redemption or similar law now or hereafter in force.

Mortgagee shall be entitled to reimbursement from the proceeds of any such leasing, sale or foreclosure for all costs and charges incurred by it or its agents or attorneys in taking, removing, keeping, storing, leasing and selling the Units, including any and all attorneys' fees and other costs and expenses incurred in connection with any such foreclosure or sale. Any surplus remaining after reimbursement for such costs and expenses and after payment of the Liabilities shall be paid to Mortgagor.

All rights and remedies of Mortgagee hereunder are cumulative but not exclusive and shall be in addition to any rights to which Mortgagee is entitled under any applicable law, and no delay on the part of Mortgagee in the exercise of any such right or remedy shall operate as a waiver thereof, and no single or partial exercise by Mortgagee of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

Except as expressly set forth in the Finance Agreement, the Assignment or this Chattel Mortgage, Mortgagor has not made any representations or warranties to the Mortgagee or the Lender with respect to the transactions contemplated hereby and none shall be implied.

This Chattel Mortgage shall be governed by the laws of the Commonwealth of Pennsylvania, including the Uniform Commercial Code, but the parties shall be entitled to the benefits conferred by Section 20c of the Interstate Commerce Act.

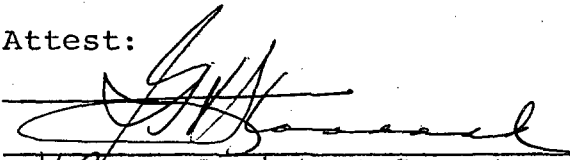
IN WITNESS WHEREOF, Mortgagor has caused this instrument to be signed in its name by its officers duly authorized as of the date first above written.

THE WESTPORT BANK AND  
TRUST COMPANY

By:   
Senior Vice President

[Corporate Seal]

Attest:

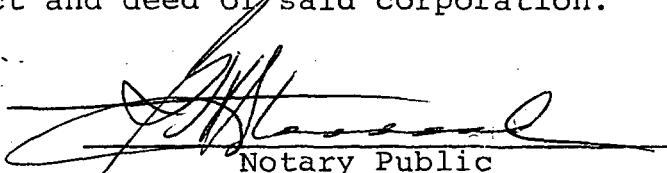
  
V.P.K. Assistant Secretary

STATE OF CONNECTICUT

COUNTY OF *FAIRFIELD*

:  
:  
: SS *Westport*

On this *26<sup>th</sup>* day of *December*, 1974, before me personally appeared *DONALD V. FARRIS*, to me personally known, who being by me duly sworn, says that he is ~~one~~ of the *Senior Vice President* of THE WESTPORT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

My Commission Expires:

MY COMMISSION EXPIRES APRIL 1st, 1979

SCHEDULE A

DESCRIPTION OF EQUIPMENT: 50 50ft., 6 inch 70 ton single sheathed box cars, with 10 ft. Hennessy Door Openers road numbers 54000 to 54049, both inclusive

PURCHASE PRICE: \$25,100 per unit, for a total of \$1,255,000

SPECIFICATIONS: Letter of Intent of June 3, 1974 and Acknowledgement dated August 2, 1974 plus parts listing all attached to Transfer of Rights, Specification No. C-73-1008-2 and Drawing No. 41 SK 1008-2

OUTSIDE DELIVERY DATE: December 16, 1974

DELIVER TO: The Pickens Railroad Company  
F.O.B.  
Berwick, Pennsylvania

RENT PERIOD: Fifteen (15) years, payable quarter-annually in arrears

Lessee: The Pickens Railroad Company  
Owner: The Westport Bank and Trust Company  
Lender: First Pennsylvania Bank N.A.

SCHEDULE A